

# Bulgaria Investment Opportunity

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## Welcome to Bulgaria!

Bulgaria is located in Southeast Europe. The country is bounded by Romania to the north, Serbia and the Republic of Macedonia to the west, Greece and Turkey to the south. To the east lies the Black Sea. The capital city- Sofia, lies in the mountainous basin in the west. Bulgaria is located on the crossroad between Europe and Asia. It is also a transport crossroad, allowing access to Western Europe, the Near East and the Middle East, and the Mediterranean.



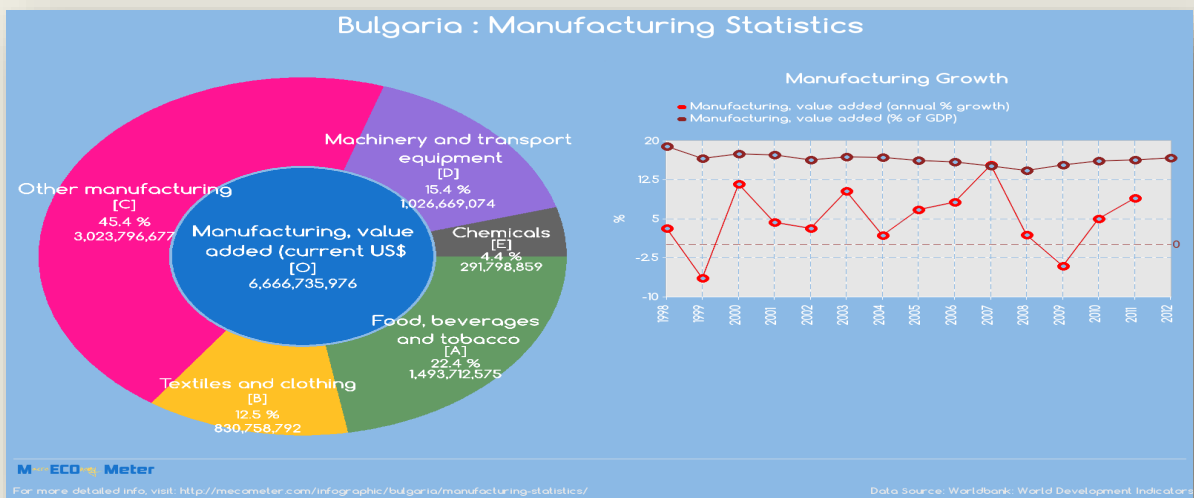
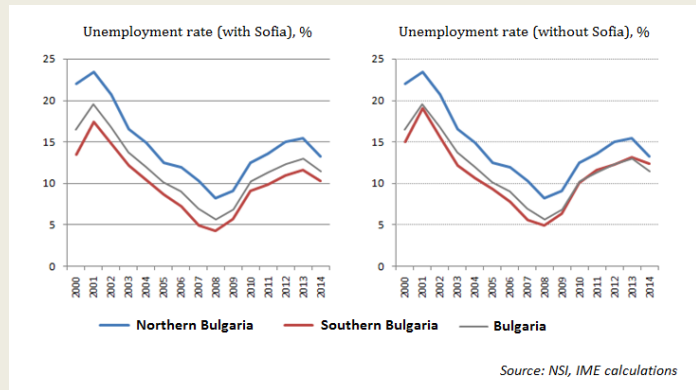
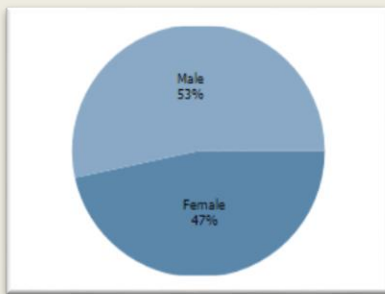
Bulgaria is founded in the 7th century. This makes the country one of the oldest states on the European continent. Emerging from 5 centuries of Ottoman rule, Bulgaria gained its independence in the late 19th century. Through this long period bulgarian people managed to keep and develop their language, traditions, religion and culture. Bulgaria is a Slavonic-speaking, Orthodox Christian country. It is the birthplace of the Cyrillic alphabet, which was created there towards the end of the 9th century AD.



# General profile

## Overview

<b>Capital</b>	Sofia
<b>Geographical size</b>	110 370 km <sup>2</sup>
<b>Population</b>	7 153 784 (2016)
<b>Gross domestic product (GDP)</b>	€ 47.364 billion (2016)
<b>Official EU language(s)</b>	Bulgarian
<b>Political system</b>	parliamentary republic
<b>Currency</b>	Bulgarian lev BGN
<b>EU member country since</b>	1 January 2007



## Country Context

Bulgaria has undergone a significant transformation over the past three decades. It has changed from a highly centralized, planned economy to an open, market-based, upper-middle-income economy securely anchored in the EU.

In its initial transition, the country went through a decade of slow economic restructuring and growth, high indebtedness, and a loss of savings.

However, the advancement of structural reforms starting in the late 1990s, the introduction of the currency board, and the expectations of EU accession unleashed a decade of exceptionally high economic growth and improved living standards.

Nevertheless, some legacies from that early period, the 2008 global economic crisis, and a period of political instability in 2013 - 14 undid some of those gains. Now, in its pursuit of boosting growth and shared prosperity, Bulgaria is moving to address these issues.

Today, Bulgaria faces the two inter-related challenges of raising productivity and addressing the country's rapid demographic change. Higher productivity growth is critical to accelerating convergence, as Bulgaria's income per capita is only 47% of the EU average, the lowest in the EU.

Productivity will need to grow by at least 4% per year over the next 25 years for Bulgaria to catch up with average EU income levels and thus boost shared prosperity.



## Labour market

In the third quarter of 2017 there were 3 225.0 thousand employed persons aged 15 years and over, of whom 1 719.9 thousand men and 1 505.1 thousand women. The share of employed persons in the total population aged 15 years and over was 53.2%, up by 3.3 percentage points compared to the third quarter of 2016. In employment were 59.1% of men and 47.8% of women in the age group concerned. In the third quarter of 2017 there were 200.2 thousand unemployed persons and the unemployment rate was 5.8%.



**In comparison with the third quarter of 2016 the number of unemployed persons went down by 12.6% and the unemployment rate declined by 1.2 percentage points.** Over the same period the unemployment rate decreased by 1.3 percentage points for men and by 1.0 percentage point for women achieving 6.1% and 5.5% respectively. In the third quarter of 2017 there were 112.4 thousand unemployed men (56.2% of all unemployed persons) and 87.8 thousand unemployed women (43.8%). In the third quarter of 2017 the total hourly labour cost (preliminary data) rose by 10.7% compared to the third quarter of 2016. The total hourly labour cost grew by 11.5% in industry, by 10.8% in services and by 7.0% in construction.

According to the NSI business inquiries in December 2017 31.4% of the industrial enterprises pointed out the labour shortage as a factor limiting their activity. **In September 2017 the average wage and salary was BGN 1 064 or 5.6% more compared to the previous month. Compared to September 2016 the increase was 11.5%.**

## Why and in what to invest in Bulgaria?



Bulgaria is marking an economic growth. The reason is that **the government has taken concrete steps to present Bulgaria as an investor friendly destination for**

**investors.** Besides the 10% flat tax rate, the government also offers reduced corporate tax for investors investing in backward regions (less industrialized) or regions having high unemployment. The Bulgarian government also provide many concessions over ownership of objects that are state property such as biological and mineral resources, waterfront and many such other objects.

**The sectors that have drawn major foreign direct investments include energy, chemical industry, construction and real estate.**

**The real estate prices in Bulgaria are inexpensive if you compare it with other western EU states.** Bulgaria is steadily growing as an alternative hotspot for property investment in the European Union.

The country is experiencing a construction boom and many of the major cities- Sofia, Plovdiv, Varna, have got a complete facelift. There is lot of potential in construction sector in comparison to other western countries in terms of standards and the quality of construction available in the country is world class. There is multitude of infrastructure projects expecting realization in coming years. Investors have exciting investment opportunities in commercial and industrial project throughout Bulgaria

Bulgaria is rapidly becoming a modern country. **The construction business is booming in Bulgaria.** For the last 10 years the faces of most of the major cities have changed completely. There is a tremendous potential in new construction as costs are quite low compared to Western European standards and the quality is world class. In addition, there are plenty of infrastructure projects being realized. Residential, commercial and industrial construction offers tons of interesting opportunities throughout the country.

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